

04-00034

Chattanooga Gas Company

PETITION OF CHATTANOOGA GAS COMPANY FOR APPROVAL OF
ADJUSTMENT OF ITS RATES AND CHARGES AND REVISED TARIFF

*Consider Petition For Re-Consideration

MOTION ON CAPITAL STRUCTURE:

- (1) Regarding the capital structure, I move that in order for the Authority to properly consider the new evidence on capital structure introduced into the record on December 13, 2004, Chattanooga Gas Company is ordered to provide additional testimony or supporting documentation regarding Exhibit No. Recon-2 no later than March 14, 2005. Such additional material should include all assumptions used to derive the projected capital structure, explanation why equity and debt ratios drastically changed from December 31, 2003 to the subsequent reporting periods, and other relevant documentation.
- (2) Further, I would move if the Consumer Advocate and Protection Division is filing any written response, that should be filed no later than March 28, 2005.
- (3) Finally, Chattanooga Gas Company should file a reply to the response of the Consumer Advocate and Protection Division no later than April 4, 2005.
- (4) Unless either party request an evidentiary hearing on the new information submitted, the Authority will conduct a paper hearing and set the matter for deliberation at a future hearing.
- (5) If either party chooses to request an evidentiary hearing, the panel will determine the date of the hearing.

MOTION REGARDING THE RETURN ON EQUITY:

I believe that Chattanooga Gas Company failed to explain how, consistent with *United States Telephone Association v. FCC*, 188 F.3d 521, 525 (D.C. Cir. 1999), the two lower ROEs obtained using the DCF method were unreliable or their use was inappropriate even though the company's own expert recommended the use of this methodology. Further, I BELIEVE that the evidence provided by Chattanooga Gas Company does not support the assertion the 10.2 percent is outside the zone of reasonableness. Therefore, I move that we uphold our previous decision on the return on equity.